

Economic Development Assessment of Goals and Objectives

The Economic Development Division's efforts focus on supporting entrepreneurship by providing a broad range of services to assist small businesses; working to maintain a diversified employment base; helping small businesses and individuals gain access to financial resources and business knowledge; maintaining thriving commercial districts and promoting a healthy business climate. Economic Development activities undertaken during this program year addressed certain goals and objectives stated in Cambridge's Five-Year Consolidated Plan (July 1, 2001 to June 30, 2005). These established goals and objectives are outlined as follows:

Objective #1: To **cultivate a supportive environment for entrepreneurship**, enhance economic growth by cultivating small businesses and working with businesses that want to relocate to Cambridge.

Number of Businesses Served:

5-year goals: 1940 businesses receiving small business and relocation assistance.*

Annual Performance Goal: 388 businesses receiving small business and relocation assistance **

Performance for Program Year 2002: 388 businesses served

*Revised down from 3,702, based on actual number of businesses that received assistance in Program Year 2002 (Economic Development Division assisted 333 businesses using Local funds, and **Cambridge Business Development Center, a/k/a CBDC, assisted 55 businesses using Federal funds**). The 3,702 number included non block grant eligible clients of CBDC counted in error.

**Revised up from 20 to 388, based on Program Year 2002 actual numbers.

Funding Resources:

Federal and Local funds were used to reach the goal. Funding resources paid staff salaries, consultants, and outreach materials.

Objective #2: **Support efforts to sustain a diverse array of employment opportunities accessible to well-trained Cambridge workers** by serving on Regional Employment Board, Office for Workforce Development Business Advisory Board and working with the Cambridge schools to increase understanding about the Cambridge economy.

Number of Individuals and Businesses Served:

5-year goals: N/A*

New - goals related to new or enhanced job creation/retention programs for low-mod Cambridge residents are stated in the Neighborhood Revitalization Strategy (NRS) reported in a separate section of this report. Proposed programs include Healthcare/Biomedical Empowerment Programs. Estimated number of individuals to be served under these programs - 150.

Annual Performance Goal: 30

*N/A changed. See New goals above

Funding Resources:

Federal and Local funds to be used for staff salaries, program development and marketing, and contractual teaching fees.

Objective #3: Increase access to capital by small business.

Number of Businesses Served:

This is the NORA theatre....I am not sure how I should state this!

1 Loan for Preservation of an Historic Building

Annual Performance Goal: 2 businesses *

***Revised to 10 - receiving only Federal Funds -**

1. 50 grants through the proposed expansion of the Best Retail Practices Program outlined in the NRS

Funding Resources:

Federal and Local funds to be used for staff salaries to administer the loan fund and to manage the Program.

Objective #4: Promote thriving retail districts. Through the City's Retail Best Practices Program, small business owners receive assistance from Economic Development funds to retain the services of retail consultants. These services allow business owners to increase operating efficiency and to incorporate proven retail practices and strategies into their own business. The Five-Year goal of the Department is to serve 60 businesses; the goal for fiscal year 2002 was to serve 5 businesses.

Accomplishments: During fiscal year 2002 the City's Economic Development Department assisted 41 Cambridge businesses in obtaining professional consultation.

The higher-than-expected total was a result of positive response to City outreach efforts by area businesses.

Funding Resources:

Federal and Local funds to be used for staff salaries, consultants and marketing materials.

Economic Development activities undertaken during the first year of the City's Five Year Consolidated Plan, 7/1/01-6/31/02, centered on development and/or initial implementation of programs to meet the above outlined Plan Goals and Objectives. The programs provided:

- Support for small business from city staff and Cambridge Business Development Center, especially low-mod income, micro-enterprise minority and women-owned businesses
- Pre-development of employment growth programs to aid low-mod income individuals (Biomedical/Healthcare), outlined in the proposed NRS
- Access to capital including development of a grant program to enhance the existing Best Retail Practices Program, outlined in the proposed NRS, and a loan pledge to
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- help preserve an historic building that will house two local non-profit theater companies
- Promotion of thriving retail districts through development and implementation of the Best Retail Practices Program to support low-mod income micro-enterprise retailers.

Cambridge Business Development Center (CBDC)

The Cambridge Business Development Center is a non-profit organization dedicated to helping people start and grow successful businesses by providing mentoring and educational programs tailored to the ways entrepreneurs learn.

During the reporting period, CBDC provided workshops on “Getting Started in Business” and “Business Planning”. Workshops covered topics such as the risks and rewards of business ownership, types of business ownership, business plan development and financial readiness for business ownership. In addition, CBDC began outreach and pre-development work with the Haitian population in Cambridge to provide them with information on the feasibility of establishing in-home child-care businesses. Part of the child-care program will focus on business and personal financial management.

Since the last reporting period, the City has worked closely with CBDC staff to assure that CDBG funds were used to service only HUD eligible clientele. City staff closely monitored CBDC’s progress in meeting its goals. Progress Reports and supporting documentation were submitted on a timely basis. CBDC far exceeded its goal for

number of clients served in 2002; it served 55 low/mod clients. A new \$70,000 contract with CBDC has been recommended for FY03.

Neighborhood Revitalization Strategy (NRS)

In an effort to better coordinate resources and to provide a broader perspective to neighborhood empowerment, during the reporting period the Community Development Department began work on initiating an NRS for Cambridge. Expected to be a more comprehensive community revitalization strategy, this initiative seeks to make a direct economic impact on larger numbers of low/moderate income Cambridge residents. Economic Development initiatives will focus on activities aimed at job creation or retention for residents and business owners in the NRS area. Three programs are being developed to achieve this goal: expansion of the existing Best Retail Practices Program to include a grant program, Empowerment Through Financial Literacy Program and Healthcare/Bio-Medical Training/Empowerment Programs.

Loan Fund

The City plans to provide a \$200,000 loan to the Nora Theatre Company and the Underground Theater Company for their portion of the historic preservation of a blighted building in Central Square. The primary activity during this reporting period was that a pledge letter for the \$200,000 loan was signed by the City and sent to the theaters. This pledge will be used as leverage to raise additional funds necessary to complete the project.

Incubator

One of the proposed projects in last year's report was the development of a business incubator in the Holmes block of Central Square. This was to be an incubator of approximately 1,200 square feet housing 3 to 4 retail businesses. Plans for this project have been postponed for several reasons. The size of the space available in the Holmes Building was not large enough to accommodate a sufficient number of businesses to make the incubator financially feasible. Also, the amount of staff time that would have been required to manage the incubator was not practical. Thirdly, job creation potential was low as juxtaposed to the amount of funding required to get the project started. Continuing efforts will be made to investigate an alternate site that could make a retail incubator more suitable. None of the \$150,000 allocated for this reporting period was expended.

Retail Best Practices Program

The Retail Best Practices Program (RBP) commenced in September 2001 and will end in August 2002. The program is one of two Economic Development programs that promote thriving retail districts in the City. The second is a Façade Improvement Program funded with local funds.

RBP is designed to assist Cambridge retailers, restaurateurs and storefront service businesses improve the interior appearance and design of their establishments and the operating efficiency of their businesses. The City hired a consultant to provide expert advice to participants about such topics as lighting, window display, interior layout, color

and signage, as well as management issues, security and marketing. In this reporting period, a total of 23 low-mod income micro-enterprises participated in the program.

The program was divided into two phases. Both phases were offered two times during the reporting period. Phase I was a Workshop offered to all Cambridge retailers and used as an outreach activity to find income eligible micro-enterprises to participate in Phase II. At the workshop the City's consultant gave a Power-Point presentation of visual examples of best retail practices and provided a handout of the presentation and a Store-Design Check List to be used by the participants to self-critique their own establishments. Eligibility requirements (according to HUD guidelines) were explained by City staff and applications for Phase II were taken from eligible applicants.

Phase II provided individual in-store consultations to the eligible applicants. The consultant and EDD staff visited participant businesses, made recommendations for improvements and sent a detailed written report to the store-owners of the suggested recommendations, including helpful sketches and photographs. After a 4-6 week period, the businesses received a follow-up visit to address any questions and see if the recommended changes had been implemented. A written report on the follow-up visit was then sent to each participant. The participants were asked to fill out a Sales Comparison Sheet, comparing 4 months' prior year sales to sales for the same 4 months following the consultation to see if sales improved.

The Best Retail Practices Program, once restricted to the Central Square retail district, gained such popularity that the program was expanded during the reporting period and offered to merchants city-wide, enabling more low-to-moderate income retailers to

benefit from the technical expertise provided by our consulting team. The City intends to offer this program city-wide again next year and expand the program. The Phase III expansion is in the pre-development stage. Using Block Grant funds it would provide matching grants to participants who have completed Phase II of the program. The grants will help participants finance the costs of the recommended physical improvements to store interiors. The dollar amount of the grants will be based on financial need.

LEVERAGING RESOURCES

Cambridge Business Development Center

The City provided \$70,000 in Block Grant funds, leveraging the Center's \$124,000 budget. Other sources of funds were derived primarily from private industry, including banks and large employers in the City (Cambridge Savings Bank \$22,000).

LEVERAGING RESOURCES (continued)

Loan Fund

\$200,000 of Block Grant funds has been pledged to the Nora and Underground Railroad Theaters by the City. These funds are being used as leverage to raise a total of \$818,000 to complete the project. During this reporting period, Block Grant funds helped the theaters raised another \$200,000 for a total of almost half the required funds.

Retail Best Practices Program

The local funds for EDD staff salaries to administer the program were leveraged by \$54,500 in Block Grant funding paid to the City's expert program consultant.